

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00 L-03
SS-15 NSC-05 SSO-00 NSCE-00 INRE-00 /049 W
-----100759Z 109787 /13

O 100713Z MAY 77

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 7578

C O N F I D E N T I A L TOKYO 6777

E.O. 11652: GDS

TAGS: EAIR, JA

SUBJECT: US-JAPAN CIVAIR NEGOTIATIONS

1. SUMMARY: DURING THE FIRST DAY AND A HALF OF TALKS, VIRTUALLY NO PROGRESS HAS BEEN MADE ON IMMEDIATE ISSUES. JAPANESE SIDE NOW APPEARS TO BE UTILIZING CONTINENTAL REQUEST FOR DAILY SAIPAN SERVICE AND CAPACITY FREEZE, EVEN ON PENDING 747F SUBSTITUTIONS, AS LEVERAGE FOR FRUITFUL REVISION TALKS. REQUEST DEPT'S IMMEDIATE PERMISSION FILE PROPOSED FREIGHTER CAPACITY INCREASES. END SUMMARY.

2. MINISTER BUTON AND USDEL CHAIRMAN STYLES MET WITH AMERICAN AFFAIRS BUREAU DIR GEN YAMAZAKI AND OTHER MOFA OFFICIALS MORNING MAY 9 TO DISCUSS DISPUTED SCENARIO FOR CIVAIR TALKS. IT WAS AGREED THAT PRIORITY ATTENTION THIS WEEK SHOULD BE ASSIGNED TO IMMEDIATE ISSUES. AS FOR AGENDA, THESE ISSUES WOULD BE DISCUSSED MONDAY AND TUESDAY, REVISION ISSUES WOULD BE DISCUSSED WEDNESDAY MORNING, AND AGENDA THEREAFTER WOULD BE DECIDED LATER. WE EXPLAINED USDEL COULD NOT GO BEYOND RESPONSE ON REVISION ISSUES IT GAVE IN APRIL TALKS, BUT AT URGING OF MOFA WE AGREED TRY TO EXPLAIN U.S. VIEWPOINTS IN GREATER DETAIL. WE ALSO EMPHASIZED IMPORTANCE OF SECOND PART OF U.S. PROPOSED SCENARIO; NAMELY, THAT TENTATIVE DATE BE SET
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FOR RESUMPTION REVISION TALKS WITH SUCH TALKS ELEVATED TO HIGHER LEVELS. WE CAUTIONED, HOWEVER, THAT IF IMMEDIATE ISSUES NOT REACHED THIS WEEK, USDEL HAD NO AUTHORITY SET A DATE FOR REVISION TALKS.

3. IN BRIEF PLENARY MONDAY AFTERNOON, USDEL RESPONDED TO JAPANESE MAY 2 PROPOSAL ON IMMEDIATE ISSUES. WE

NOTED PROGRESS REPRESENTED BY PROPOSAL BUT LISTED FOLLOWING MAIN DIFFICULTIES:

A. WE NEEDED APPROVAL NOW FOR DAILY SERVICE BY AIR MICRONESIA.

B. WE URGED JAPAN TO RECONSIDER DENIAL OF ADDITIONAL SIX SLOTS FOR PANAM AT OSAKA AND OF DAILY OSAKA-HONOLULU SERVICE, SINCE THIS WAS KEY TO FINDING SLOTS AT HANEDA FOR AIR MICRONESIA AND SUPPLEMENTALS.

C. JAPANESE PROPOSAL FOR CAPACITY CONTROL PENDING CONCLUSION REVISION TALKS WAS UNACCEPTABLE BECAUSE IT WAS TANTAMOUNT TO JAPANESE PROPOSAL FOR CAPACITY PREDETERMINATION AND 50-50 SHARE IN LONG TERM.

D. WE WANTED CLARIFICATION JAPANESE PROPOSAL FOR SLOTS FOR U.S. SUPPLEMENTAL AIRLINES BECAUSE WE WERE UNCLEAR WHAT IT MEANT.

4. AFTER PLENARY, STYLES, HORNEMAN, AND EMBOFF MEYERS MET PRIVATELY MONDAY AFTERNOON AND TUESDAY MORNING WITH YAMAJI AND MOFA OFFICIALS AT JAPANESE SUGGESTION TO EXPLORE JAPANESE PROPOSAL FURTHER. FOLLOWING EMERGED:

A. WE DETECT NO GIVE IN JAPANESE POSITION THAT QUESTION OF AIR MICRONESIA INCREASE MUST AWAIT FURTHER CONSULTATIONS, I.E., BE PART OF REVISION TALKS. USDEL HAS BEEN UNABLE CONVINCED JDEL THAT DAILY SERVICE IS JUSTIFIED. WE BELIEVE, IN FACT, THAT ISSUE IS NOT JUSTIFICATION BUT JAPANESE DESIRE RETAIN LEVERAGE FOR REVISION TALKS. WE HAVE HELD TO POSITION THAT, UNLESS DAILY SERVICE CAN BE ACCEPTED NOW, AIR MICRO-
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NESIA WOULD NOT BEGIN SAIPAN SERVICE.

B. JAPANESE CANNOT GRANT PANAM ADDITIONAL SIX SLOTS AT OSAKA BECAUSE GOJ IS COMMITTED TO REDUCING OPERATIONS AT OSAKA AS PRICE FOR OBTAINING ENTRY WIDE-BODIED JETS. HOWEVER, JCAB IS EXAMINING OUR PROPOSAL TO GRANT THESE SIX SLOTS AS EXTRA SECTIONS. RE DAILY PANAM OSAKA-HONOLULU FLIGHT, JAPANESE HAVE OBJECTED BUT ARE WILLING TO LOOK AT U.S. JUSTIFICATION. THIS PUTS US IN DILEMMA BECAUSE ACTUAL PANAM OPERATING PLAN INVOLVES SUCH SERVICE ONLY FOR LIMITED TIME, WITH SLOTS DURING OTHER PERIODS TO BE USED FOR OSAKA-GUAM "EXTRA SECTION" FLIGHTS.

C. JAPANESE SEE INTERIM CAPACITY CONTROL AS MEANS TO INDUCE U.S. TO COMPLETE REVISION TALKS, I.E., WE WOULD HAVE TO PAY TO ESCAPE FROM CAPACITY FREEZE BY GRANTING NEW CONCESSIONS TO JAPAN. JAPANESE ATTACH GREAT IMPORTANCE TO CAPACITY FREEZE FOR THIS REASON. WE HAVE SAID PROPOSAL IS UNACCEPTABLE NOT ONLY IN PRINCIPLE BUT BECAUSE FREEZE WOULD HAVE

SERIOUS CONSEQUENCES FOR U.S. AIRLINES, PARTICULARLY IN AREA SUBSTITUTION WIDE-BODIED FREIGHTER AIRCRAFT THIS SUMMER. JDEL HAS CHARACTERIZED THESE CAPACITY INCREASES AS DESIGNED TO EXACERBATE SITUATION AND HAS NOT BEEN PERSUADED THAT ITS POSITION IS UN-REASONABLE. WE HAVE OFFERED DISCUSS JUSTIFICATION FOR FREIGHTER SUBSTITUTIONS THIS WEEK, WITHOUT PREJUDICE RESPECTIVE POLICY POSITIONS. (SEE PARA 6 BELOW).

D. JAPANESE PROPOSAL ON SLOTS FOR U.S. SUPPLEMENTAL AIRLINES REPRESENTS SOME CONCESSION, BUT WE ARE NOT YET SATISFIED IT GOES FAR ENOUGH. WE PLAN TEST INTENTION BY DISCUSSING SPECIFIC SLOTS FOR WORLD AIRWAYS AND TIA'S PLANNED CHARTERS THIS SUMMER.

5. AS IS EVIDENT FROM ABOVE, USDEL IS MAKING
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VIRTUALLY NO PROGRESS. JAPANESE SIDE (AT LEAST JCAB) SEEMS DETERMINED TO WITHHOLD AS MUCH AS POSSIBLE AS LEVERAGE IN REVISION TALKS, AND U.S. CLEARLY CANNOT (OR SHOULD NOT) GO AS FAR AS JAPANESE APPEAR TO WANT. WHILE WE WILL CONTINUE TO EXPLORE AREAS OF POSSIBLE FLEXIBILITY, PROGNOSIS IS NOT GOOD AT THIS POINT.

6. USDEL BELIEVES THAT U.S. AIRLINE FREIGHTER SUBSTITUTIONS SHOULD BE FILED IMMEDIATELY SO THAT WE CAN MORE FULLY TEST JAPANESE POSITION. UNLESS ADVISED TO CONTRARY BY WEDNESDAY MORNING TOKYO TIME, EMBASSY WILL FILE PROPOSALS UNDER AGREED MINUTE AND USDEL WILL PRESENT JUSTIFICATION DURING TLAKS. FYI. CAB MEMBER JOHNSON SHOULD BE AWARE THAT LAPENSKI OF NWA HAS THREATENED TO TAKE FILING QUESTION TO FULL BOARD, SENIOR LEVELS IN STATE DEPARTMENT, AND/OR COURT IF USG DOES NOT AGREE FILE UNDER AGREED MINUTE. END FYI.
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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
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